

Facilities: Designing For Success

Credit union branches are adopting more than a new look these days – they’re adopting a whole new attitude with their designs. Today’s credit unions are taking an eclectic design approach by blending modern touches with traditional elaborate façades. These days, the credit union is more than meets the eye; it’s all about the total customer relationship package.

By Julie Sturgeon

Despite the Internet’s hefty presence, the brick-and-mortar branch is far from dead. However, traditional design ideas for these buildings are quickly headed six feet under. When First Community Credit Union in St. Louis, Mo., opened in March 2007, its 3,500-square-foot steel and brick structure boasted synthetic plaster with split-faced concrete block below the windows that was unlike your



John Hyche is Principal, Strategic Consulting of LEVEL5.

ordinary brick structures. Members enjoy four drive-up lanes and a separate drive-thru ATM. The raised lobby features clerestory glazing, high ceiling spaces, a circular motif and stone flooring patterns.

Fast forward 18 months to

July 2008, and Nutmeg State Federal Credit Union dazzles members in Glastonbury, Conn., with a 4,040-square-foot one-story branch featuring the expected red-gold brick and columned entrance. But the design still incorporates modern touches like a point-to-point pneumatic delivery system and an ATM with dual-level lighting to reduce light pollution.

Two totally different looks, yet each just as cutting edge in today’s credit union design trends, architects insist. That’s because “it’s about the relationship, and how you connect with your customer,” says William Bily, vice president of design at Cincinnati, Ohio-based DEI Corp.

CUs are adopting a new attitude in design.

Certainly, “trend” doesn’t translate to quick in this industry. That’s because corporations don’t budget to build facilities as quickly as folks change their fashion wardrobes. “The trends we are seeing include a desire to be more unique,” says John Hyche, principal and strategic consultant at Level 5 architec-



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tural firm. “Here in the Atlanta, (Ga.), area, you can’t swing a dead cat and not hit a red brick bank with four columns and a wide roof. So one of our trends is to get away from that painfully traditional look.”

But remember, looks aren’t the sole component of today’s design. “The building is a very expensive piece of equipment so you have to get the core building to function properly and well,” says David Jaeckels, executive vice president and chief operating officer at BCI in Milwaukee, Wisc. “But then, what things do you do inside? Does it show the credit union’s attitude and branding in the design? All these [aspects] pieced together make it relevant to the market segment.”

Tom Lombardo puts it even more bluntly. “Someone who is going to buy land and build a unit expects a return on investment,” says this director of business development for Clayco real estate and development firm. Clayco is a St. Louis, Mo., firm that is responsible for both First Community and Nutmeg State credit unions. “We want to give them the best product on the marketplace today.” (That’s construction

An inviting environment that sells...

corporate talk to say that branches must offer an eye-catching appeal while still being secure.)

Architects praise credit unions across the country with taking the lead in this attitude, which puts many branches ahead of their community bank counterparts in the consumer-centric competition. For starters, the credit union structure lends itself to more flagship branches rather than multiple locations. More importantly, executives in this industry simply get how to create an inviting environment that sells. “A lot of credit unions really go over and beyond in educating that member on the services they offer. A bank tends to be a little slower – still traditional designs, traditional teller lines, traditional president’s office in the corner,” says Consultants and Build-

ers Inc.'s president, Tyler Williams. By contrast, "the credit union is the talk of the town." How are the trendsetters doing it?

First Impressions

Breaking out of the mold isn't as easy as it may sound. Just ask Christy Merdinian, who, as an architect with ACM Design Group in St. Louis, Mo., has sat down at the conference table with many financial institution VIPs to design their new digs.

"They want to get a little more trendy, make a statement," she says judiciously. But that lofty goal isn't guaranteed, especially as this industry tends to focus on the interior at the expense of the exterior, her colleagues agree. "There is a lot of function that needs to be considered here. It's not just a corporate environment — it's also a very public environment," she explains of the gap.

But certainly, credit unions are making strides in their outward appearances, with many successfully shedding the staid approach to design. Williams describes the exteriors he's done lately as transitional or contemporary. "A lot of my credit unions were a little nervous about going in a different or wrong direction," he admits. "Now they are willing and able to go out there and make a presence architecturally."

He's talking sharper angles, a lot more signage — much of it digital, as "motion is everything" in his assessment — and detached drive-up windows that feature audio and video capabilities and a lot tube system. From a practical standpoint,



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such a design layout separates the vehicle traffic from foot traffic to the building and invites better entry back to the public streets. Not to mention officers can depreciate the two buildings separately for a tax benefit.

Glass plays perhaps the most important look of all....

Even when his clients insist on the more familiar banking look, Bily often finds ways to jazz that preference up. He does so by adding contemporary retail elements to the front of a brick wrap building with a pitched roof.

Glass plays perhaps the most important look of all in freshening a credit union's face to the world. The 2008 definition of contemporary involves bringing in lots of natural light to complement open spaces — and consequently gives outsiders a view of the excitement inside. It's (glass) a wonderful sales tool, designers say. It's a subtle crime prevention move, too, security experts assure. "We look at ways of opening up views toward the lobby so it's less appealing to robbers because they can't act concealed. Anybody can look in that front window and see what's going on inside the branch," notes Jaeckels.

Dialogue Banking

If the outsides are slowly being tweaked, most credit union facilities have seen drastic changes on their interiors over this past decade. It's not rocket science — bank customers perform 100 million self-service transactions every day, according to TowerGroup. The Needham, Mass.-based research and consulting firm predicts that by 2010, retail-banking customers in the United States will conduct nearly \$60 billion self-service transactions annually — a 50 percent increase over the volume it forecasted for 2006.

So sooner or later someone — in this case, Washington Mutual — was bound to kick its teller line to the curb in favor of a branch full of machines. Financial institutions alternatively call these stations teller pods or dialogue kiosks.



Other credit unions take an even more George Jetson approach, asking members to interact with their teller at a video screen while the real person handles the transaction from a separate room in the back. Either way, money changes hands via a pneumatic point-to-point system (think drive-up tubes) that is stored inside a system rated as a vault. And both scenarios eschew folks who are walking from one side of the branch to the other clutching thousands of dollars in their hands.

The result is, ironically, a very open, airy feeling that so far has attracted customers like bees to honey, according to CBI's Williams. "I had a president tell me

Regardless of the name bestowed upon them, however, they are basically a collection of ATM-like centers for members to conduct transactions. And just as grocers place milk and bread in the back of their stores to force consumers to stroll their aisles, credit unions almost always place their dialogue kiosks as far from the front door as possible.

Of course, this strategic placement doesn't mean the member can waltz in and out unattended. Savvy credit unions station representatives in this area to serve as member hosts. "The biggest benefit is that it (representative hosting) encourages relationship building as opposed to just transactions," says Bily. For one thing, the assistant formerly known as a teller suddenly isn't limited by a wall and bullet-resistant glass. She is free to walk over to a member and welcome him to the credit union. On the other hand, as Bily points out, this means the staffers you hire to handle dialogue banking need to be comfortable steering chats into chances to cross-sell.

"It's all about deepening the amount of wallet you're getting from that member by providing a pleasant experience," says Mike Colvin, senior vice president at Level 5.

he thought the Internet, with its ability to educate members about our services, would cut down on their lobby traffic. It has actually increased it. That's good news for a builder," he says.

Unfortunately, these dialogue kiosks can confuse a first-time visitor, which is why many credit unions opt to place a greeter stand (millwork counter or simple stool – the choice depends on the credit union's image) near the entrance. In that way, they can better start the adventure with a human smile and instructions. Fortunately, these dialogue kiosks can confuse would-be robbers as well, and looking a greeter in the eye is the last thing a thief wants to fuss with.

"It's psychological," Bily admits. "Right now, there is such an unfamiliarity with dialogue banking, if someone were to come in to case out a branch, they wouldn't know where to start. How do you rob a machine?" Not to mention, the open atmosphere means potential robbers can't get by with a concealed weapon and a one-on-one threat. They must be



ever; Arizona has a concealed weapon law that would mean the doors could lock out legitimate members hourly. And if your audience involves law officials, it's probably not a wise business move to hinder their welcome.

Retail Razzle Dazzle

Communicating a brand image isn't difficult to grasp – wander through any mall in this country

willing to take on the entire branch. Accessing the secured room where staffers handle the transactions presents two problems: These areas require biometrics or special ID cards to activate the doors, and just where is this room anyhow?

Eventually, someone will try to gain unauthorized access, however, and again, the space layout is prepared. Most of the cash dispensing units can shift into a theft mode, releasing one small bill every 30 seconds while anyone can watch. “If they (thieves) have a gun, they can get what they want, but are they willing to spend three to five minutes trying to do that?” Williams asks. To rub salt in the wound, the back-of-the-room location means the robber has to jog around more obstacles to get to the door and go by more hidden cameras he can't deactivate in the bargain.

Vestibules aren't just for looks these days either. They now serve a practical role as credit unions install what is known as a mantrap – an airlock system that seals the second set of doors should it detect someone is carrying a knife or gun. Not all of Jaeckels' clients can entertain this idea, how-

and specialty retailers like Abercrombie and Fitch will give you a great education on the spot. The retailer's atmosphere projects a different feel and shopping experience than the Gap, which in turn puts out different vibes than American Eagle does. These retailers know what makes their demographic segment tick, and they play to that enticement shamelessly. That's exactly how credit unions need to approach their interiors, says Bily.

Take, for instance, the Delta Community Credit Union in Atlanta, Ga., whose roots with the famous airline of the same name screamed opportunity. Officials there asked Level 5 to develop an airport terminal feel for one of its branches, complete with bright colors and that “duck in here and buy a pack of gum” store feel. As a result, the CU won a first place Diamond Award for retail branch merchandising for credit unions with assets over \$1 billion from CUNA's Marketing & Business Development Council in 2007.

“The designs are all about the member experience, what makes the member feel good. How the facility delivers the



One of the most popular ways credit unions stake their claim: a children's activity area. It only makes sense to Bily, who has seen the increase of families who run weekend errands with their kids. "Both parents work, they don't see them (their children) all week, and they don't want to pawn them off on someone to go apply for a loan," he notes. "There's no better way to touch a consumer, especially a mom, than

service, and how attractive it is to the member, which creates an attitude or mindset of 'this is where I want to be,'" says Colvin.

It's also a mistake to latch on to one prototype design and force it to fit all locations, says Kevin Blair, the CEO of New-Ground, another St. Louis, Mo., design firm. Where a branch in an urban market or strip mall may be better using fewer cross-trained employees and a host of technology enablers like dialogue kiosks, a more established market could still benefit from yesterday's teller-line layout. "Adjust your retail platform and delivery based on segmentation analysis," he suggests.

Keep in mind, too, that "experience" in this context doesn't translate to a thrill ride at an amusement park. Rather, it equates to a very positive event, Hyche adds.

"That means if I have to wait, I have a comfortable area where my mind is engaged, watching the stock ticker or reading today's newspaper, not 'People' magazine from two years ago," he explains. Some innovative thinkers are incorporating libraries in to the branches to assist members.

to have a secure play area right next to the loan area so she can keep an eye on things."

He's preaching to the choir with Hyche. "I know my wife has a very short fuse if she's somewhere and the kids are running amuck. Suddenly, her attention is not on what she's there to do; it's on getting the kids to behave," he shares.

Thanks to Starbuck's far-reaching influence on America's beverage habits, coffee bars, with their subtle invitation to hang out, are another *de rigueur* addition. Hyche also likes to work what he calls a member business area into his credit union floor plans. All it takes is a copy fax machine, a computer connected to the Internet, a cozy chair and a table – something a little more upscale than a counter – to endorse a check. One credit union reported that a homeowner began using this type of space to meet with a local contractor and go over new house construction possibilities. And because the two parties were sitting in a credit union, that financial institution landed the family's mortgage business.

Hyche chalks it up to the fact the branch's design wasn't foreboding and stodgy. "We created the right sort of envi-



That's exactly what South Carolina Credit Union did to keep its employees happy. It spent substantial dollars creating a private lounge with game machines, exercise equipment and plasma-screen televisions. The CU also has walking paths to promote lunchtime getaways and an outside view from every office. According to Williams, the credit union's employee retention rate is enviable.

"The first question a successful credit union asks is how many things can we do with the building? Then it's how many more things can we do with marketing? The final question is what else

can we do with our interaction with members to make sure they understand our products and services? That's the complete design circle," Jaeckels sums up.

ronment where people are comfortable doing business, and that's worth underlining," he says.

Keep in mind, however, that bringing Internet connections to the public also involves security risks that need to be addressed, warns Connie Lyle, vice president of design at KDA Holdings in Marietta, Ga. Many of her clients say they're still leery of the hacking opportunities a wireless presence could present inside a financial institution. At the very least, be sure the physical equipment is locked down – the CPU stored in a locked cabinet with air circulation and the keyboard fastened to the counter. "And position the computer center within sight of the greeter so someone has an eye on it," she adds.

Private Eyes

Sure, scrapping the teller lines and sending those workers upstairs, or at least out of sight, automatically frees up more square footage to devote to retail space for the public. But don't be greedy, architects advise. Set aside some of this footprint for your employees.

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How to Sabotage Your Best Facility Design Efforts

On May 3, 2006, the Department of Veterans Affairs found itself in the center of a media firestorm when 26.5 million of its records were compromised after a burglary at a computer analyst's home. The crooks made off with the analyst's laptop and external drive.

By that June, it was the Internal Revenue Service's turn to step forward and take a lashing when an employee lost track of a laptop en route to an agency event – and suddenly fingerprints, names, dates of birth and Social Security numbers for 291 individuals were loose somewhere in the public domain.

Even as credit unions brush up on the latest cyber security technology to protect precious data, they are vulnerable to making the same headlines. "We've never done a facility

where we weren't able to compromise one or more branches," says Jim Stickley, the chief technology officer at Trace Security in Baton Rouge, La., whose job includes offering "social engineering" analysis to financial institutions. In plain English, that means he finds ways to swipe data right out from under the noses of your hardworking employees.

"What we are seeing typically in the market is that data theft is much easier to get than monetary theft," reports Kirt Seale, senior manager of Dallas, Texas-based Grant Thornton LLP's business advisory services division. Like Stickley, his job is to sniff out physical chinks in a credit union's protection. The recent trend explains why Stickley is now seeing a rise in this side of his business.

"Firewalls are good these days. IDS [Intrusion-detection systems] work very well. Antivirus software is great. Security from a network standpoint has gone leaps and bounds ahead, and suddenly physical security is the weaker, easier place to attack," he notes.

Stickley rarely need do more than don a uniform in order to gain access to a financial institution's deepest, darkest secrets. He introduces himself to a teller as a fire inspector, an air-conditioning repairman, a pest control specialist and even an OSHA official – each week, he brainstorms different scenarios. Most of the time, the employee waves him through to the back offices and returns to the counter.

"When they don't escort us, we own the place within half an hour," Stickley says. "We will steal anything that is not bolted down." The holy grail, of course, is the back-up tapes – an item the sleuth says he targets hard because less than one percent of all financial institutions across the country encrypt such data. He snags this prize, gaining access to every piece of information on the company's entire customer base, on nearly every attempt.

While inside a branch, he has also succeeded in installing wireless devices on the bank's network. These devices then enable him to hack away at the computer system from a laptop in a van in the parking lot.

These days, Tommy Loo, manager of operations consulting at KDA Holdings in Marietta, Ga., rarely builds a branch

that doesn't have a separate closet or small room with a lock on it to store phone wires and data racks. When an electrician comes in, he can only access that specific panel room – ditto the phone representative.

Still, Seale rates his ability to acquire sensitive data as simple. He's spotted personal information on a screen when the teller walked away for another task. He's seen maintenance closets standing wide open, offering keys to every lock in the building to the first grabber. Of course, many people fail to lock filing cabinets, and still loan officers leave the room with an applicant sitting right there.

KDA Holdings has gotten away from lay-in ceiling tiles in favor of drywall tight ceilings and taking walls to the deck. Loo maintains this altered design concept can keep someone from hiding literally above your head by crawling up into the ceiling cavity. Yet one of the bigger vulnerabilities Seale has noted undoes all this preventative construction: public restrooms that adjoin a working area. Customers slip in and then fail to emerge until after hours when they can roam the computer heaven alone.

True, the average credit union branch rarely faces thieves of this caliber, but such tests point out glaring red flags in design structure and policies. "My concern is that people could be in the bank offices for legitimate reasons but maybe they aren't the most upstanding of citizens," says Stickley. "He may be a repairman but you have no idea if he's strapped for cash or has a buddy who offered to buy records.

"We take it (security) to this level because we have to. But data theft isn't always because someone targeted you specifically – it's because you were an easy target," Stickley warns. How easy? Even dressed in a suit, he manages to rummage through each of his client's dumpsters in broad daylight and pull out useful information that was not shredded.

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